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BEDFORD MAN PLEADS GUILTY TO INSIDER TRADING WITH FATHER

CONCORD, NEW HAMPSHIRE: U.S. Attorney Tom Colantuono announced that Timothy J. Potter pleaded guilty to a criminal information charging him with conspiracy to commit insider trading. Potter acknowledged that, in October 2000, he disclosed to his father confidential information concerning adverse corporate developments which related to (R)-fluoxetine, a pharmaceutical drug then being jointly developed by Eli Lilly & Co., Inc., and Sepracor, Inc. Potter admitted that his father then used the information to trade in Sepracor securities and that his father later transferred the resulting profit to him. At the time of the trade, Potter was employed by Sepracor, a Marlborough, Massachusetts, based pharmaceutical development company. Potter was charged originally in a grand jury indictment handed down on January 30, 2003. Potter, age 39, resides at Colonel Daniels Drive, Bedford, New Hampshire.

At today's plea hearing, Potter admitted that on October 18, 2000, he told his father about the adverse corporate developments at Sepracor. Minutes later, according to Potter, his father used the information to purchase "put options" for Sepracor stock. A put option gives its purchaser the right to sell the underlying stock at predetermined price by a certain date, and the purchase of a put option is essentially a bet that the price of the underlying securities will decline. When Sepracor and Eli Lilly publicly announced the adverse (R)-fluoxetine developments the following morning, Sepracor's stock price plummeted while the value of Sepracor's put options soared. Hours after the announcements, Potter's father sold the Sepracor put options, generating an overnight profit of more than \$55,000. Potter admitted that his father later transferred the profit to Potter's brokerage account. Potter also admitted to lying to and attempting to mislead the U.S. Securities and Exchange Commission in an investigation the SEC was conducting into the stock trades.

Potter faces up to five years in jail and a fine of up to \$250,000. Potter is scheduled for sentencing on August 18. Potter's father, George R. Potter, has pleaded guilty to related criminal charges and is scheduled to be sentenced on July 22, 2003.

United States Attorney Colantuono stated: "Insider trading is directly contrary to the notion of fairness in our stock markets. Whether it be Wall Street or Main Street, the federal government will

enforce the insider trading laws forcefully to ensure a level playing field for all investors.

This matter was investigated by the Bedford office of the Federal Bureau of Investigation and was referred to the FBI by the SEC, which has brought separate civil insider trading charges against both Potters. The SEC's civil charges are pending. Assistant U.S. Attorney Bill Morse is prosecuting the criminal case.